

# North's Aides Linked to Australia Study

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WASHINGTON, March 7 — Several former military and intelligence officers who helped Lieut. Col. Oliver L. North ship weapons to Iran and Central America were closely associated with the co-founder of an Australian financial concern that collapsed in 1980, according to an Australian Government investigation.

The collapse of the financial concern came amid charges that it had laundered money earned from weapons and illicit drug sales.

Among those linked to the failed Sydney-based concern, Nugan Hand Bank, and its co-founder, Michael J. Hand, was Richard V. Secord, a retired Air Force major general who helped Colonel North conduct airlifts of weapons to the Middle East and Central America, according to the four-year-old Australian investigation.

The Australian study, parts of which are still secret, was conducted by the Commonwealth-New South Wales Joint Task Force on Drug Trafficking and was completed in March 1983. Although it is not new, the study is receiving scrutiny again in Washington because of the details it contains about activities and movement of weapons around the world by many of the same figures involved in the Iran-contra affair.

## Congressional Interest

The Australian report, which has stirred Congressional interest, also concluded that several former Central Intelligence Agency officials and contract operatives, among them Theodore G. Shackley, Thomas G. Clines and Rafael Quintero, were involved in military and intelligence-related activities with Mr. Hand and other top officers of the Nugan Hand concern.

The Tower Commission report on the Iran-contra affair and other published reports have linked all of these men to operations in the Middle East and Central America directed by Colonel North, the National Security Council aide dismissed last November by President Reagan.

Mr. Secord and the other men in the network are the focus of a Senate Foreign Relations Committee investigation. The Australian study, a Congressional aide said, provides additional



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Michael J. Hand

evidence that will help the committee determine whether this group simultaneously functioned over the years as official Government intelligence agents while also conducting legal and illegal operations for profit.

"Given the recent revelations about these men, I am greatly concerned," said Senator Edward Zorinsky of Nebraska, a member of the Foreign Relations Committee, hours before he died of a heart attack Friday.

## Clues Seen in Study

Investigators with the Senate and House Select Committees on Iran also are interested in what the Australian study says about Mr. Secord and his network. The study could provide clues to help them understand why Colonel North turned to Mr. Secord.

The Australian study does not demonstrate that Mr. Secord, Mr. Shackley, Mr. Clines or Mr. Quintero smuggled weapons or narcotics. It does, however, say that these men were close to Mr. Hand, a former Army Green Beret and military intelligence officer who served in Laos during the late 1960's with a C.I.A.-owned airline named Air America. It was the same period in which Mr. Secord played a large role in directing Air America's operations. Mr. Shackley and Mr. Clines were the two top officers of the C.I.A.'s Laotian station during this period as well, the report said. Mr. Hand, the report said, later worked with these men while he was directing

his merchant bank, which he established in the early 1970's with Francis J. Nugan, an Australian.

The Joint Task Force study was one of four that has been published in Australia since the bank collapsed after the death by suicide of Mr. Nugan in late January 1980 at 37. Six months later, Michael Hand, then 38, disappeared and has still not been found.

## Agreements and Dispute

Two other Australian studies confirm the Joint Task Force findings. But the most recent investigation, a Royal Commission study published in 1985, disputes some of the Joint Task Force conclusions.

During the seven years it was in business, according to the Joint Task Force study, the Nugan Hand bank was engaged in a wide range of legitimate and illegal activities conducted from offices and mail drops in 13 countries in two hemispheres, including the United States, the Cayman Island, Hong Kong, Taiwan, the Philippines and Thailand. The report named 26 reputed drug dealers and provided a schedule of drug traffickers.

Although reluctant to draw conclusions, the report noted that Mr. Hand did extensive business with American intelligence officers in Southeast Asia in the late 1960's and early 70's, and said there was "evidence" that "Hand retained his U.S. intelligence ties through the 1970's and probably the 1980s." The evidence, however, remained classified.

The Joint Task Force was told by an American witness that Mr. Hand was involved in deals, including a profitable 1976 shipment of 10 million rounds of ammunition and 3,000 weapons, including rifles and machine guns, that went from Boston, through Africa, "and were eventually delivered to U.S. intelligence supported forces in Angola."

Mr. Hand and his bank, the report said, also took part in the movement by the United States Navy of a "spy vessel" to the Iranian Navy in 1976.

Mr. Hand was said to have taken part in both of these transactions with Edwin P. Wilson, a former C.I.A. agent and head of a secret Navy intelligence group called Task Force 157. Mr. Wilson was arrested in 1982 and later convicted of selling arms and 20 tons of plastic explosive to Libya.

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The report said Mr. Wilson was close to Mr. Secord, Mr. Shackley, Mr. Clines and Mr. Quintero through their participation in intelligence and secret military operations for 20 years.

Mr. Wilson, the report said, loaned Mr. Clines \$500,000 to start a company that ostensibly distributed oil drilling equipment around the world and had offices in Houston. The company, A.P.I. Distributors Inc., also employed Mr. Shackley and Mr. Quintero, the report said. A.P.I. shared office space in Houston with a company controlled by Mr. Wilson, Around the World Shipping and Chartering, which United States officials said was instrumental in smuggling the explosives to Libya.

Mr. Hand and his bank, the Austral-

ian study said, did business with Mr. Clines, Mr. Shackley and Mr. Quintero. But the report did not elaborate on the details of the business arrangements.

The report did note, however, that Mr. Clines deposited "millions of dollars" in the Nugan Hand bank.

On the day that the body of a co-founder, Francis Nugan, was discovered in Australia, said the report, Mr. Houghton arrived at Mr. Wilson's office in Geneva. According to an unidentified witness, Mr. Houghton left a travel case at the office, then departed. In April, the report said, as the Nugan Hand affair began to cause an important stir in Australia, Tom Clines and Rafael Quintero arrived at Mr. Wilson's Geneva office.

According to the witness, both men

"expressed some concern over what might be in the bag and Tom said that he wanted to take the bag from me." The witness said he refused, but the others persisted. "Eventually the bag was opened in all our presence."

Mr. Clines and Mr. Quintero, the report said, studied the documents inside and removed one document. According to the report, "during the search, Richard Secord's name was mentioned and Clines said, 'We've got to keep Dick's name out of this.'"

Numerous attempts were made to reach Mr. Secord, Mr. Shackley, Mr. Clines, and Mr. Quintero to discuss the Australian Joint Task Force report, without success. The lawyer for Mr. Clines and Mr. Shackley said their clients could not comment.